

**ACA 7, SCA 2, and AB 427
Transportation Legislation Relating to the Sales and Use Tax**

TRANSPORTATION AND COMMUNICATIONS COMMITTEE ATTACHMENT #4.2

Thursday, April 3, 2003

REPORT

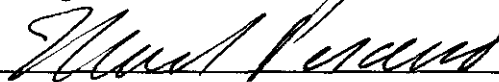
DATE: April 3, 2003

TO: Members of the Transportation and Communications Committee (TCC)

FROM: Charlotte Eckelbecker, Government Affairs Analyst
Phone: (213) 236-1811 E-mail: eckelbec@scag.ca.gov

SUBJECT: ACA 7 (Dutra), SCA 2 (Torlakson), and AB 427 (Longville)
Transportation Legislation Relating to the Sales and Use Tax

EXECUTIVE DIRECTOR'S APPROVAL



RECOMMENDED ACTION: Support

SUMMARY:

Assembly Constitutional Amendment 7, introduced by Assembly Member John Dutra (D-Fremont), and Senate Constitutional Amendment 2, introduced by Senator Tom Torlakson (D-Antioch), lower the voter approval threshold for the imposition of a sales tax for transportation purposes from 2/3 of voters to 55 percent or a majority respectively. Assembly Bill 427, introduced by Assembly Member John Longville (D-Rialto), eliminates the 20-year limit on the duration of local transportation sales taxes.

BACKGROUND:

According to latest reports, the cumulative state General Fund deficit is expected to reach \$34.6 billion in Fiscal Year 2003-2004. To address the deficit, the Governor's Mid-Year and FY 2004 budget proposal include a \$1.7 billion reduction to General Fund-supported transportation programs as follows:

- Suspension of the 2003-04 General Fund transfer to the Transportation Investment Fund (\$1.1 billion)
- Return of the Traffic Congestion Relief Fund (TCRF) to the General Fund (\$100 million)
- Forgiveness of planned 2003-04 General Fund loan repayment to the TCRF (\$500 million)

Based on a proportional share, the potential negative impacts to regional transportation funding could be \$800 million to \$1 billion, depending on project readiness and the effect on projects under contract through FY 2004. If General Fund payment suspensions continue in the outyears, the region's proportional loss through FY 2009 could exceed \$4 billion.

At the same time, the State Highway Account (SHA) cash balance is projected to fall below planned levels mainly due to lower-than-forecasted truck weight fee revenue and the flat growth rate in federal reimbursement. Assuming a continued revenue decline in the outyears, Caltrans projects a total revenue shortfall through FY 2007 of more than \$4 billion. The region's proportional share is nearly \$2 billion.

ACA 7, SCA 2, and AB 427 were introduced in response to the shortfall of General Fund and SHA dollars. ACA 7 authorizes a county, city and county, or a regional transportation agency to impose a sales and use tax for a period of 20 to 30 years at a rate of 0.5% exclusively for transportation purposes within the jurisdiction if the tax is approved by 55% of voters. Currently, the voter threshold is 2/3. Funds collected from this tax will be deposited in the Local Transportation Infrastructure Account within the State Transportation Fund.

Similarly, SCA 2 lowers the voter threshold from 2/3 to a majority of voters if the tax is imposed exclusively to fund transportation projects and services and smart growth planning, defined as "land use

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planning programs that conserve open space, reduce air pollution, and provide housing in close proximity to population and employment centers.” SCA 2’s stated intent is “to ensure that California will be able to meet its current and future transportation and land use planning needs and thereby preserve and enhance the prosperity and daily activities of all Californians....” 25 percent of the tax revenues must be used for smart growth planning.

AB 427 addresses the 2/3-voter threshold not by lowering it as do ACA 7 or SCA 2, but by eliminating the 20-year limit on the duration of the local transportation sales tax. Instead, the bill provides that the tax remains in effect for the specified period of time approved by the voters.

Each of these three pieces of legislation helps to bridge the revenue gap between Regional Transportation Plan projects and available revenues and comports with the 2001 RTP public funding strategy adopted by the Regional Council. The strategy consisted of three elements, as follows:

- Continue using state gasoline sales tax revenues for transportation purposes.
- Continue local sales tax measures for transportation where necessary.
- Adjust the state motor vehicle fuel excise tax rate and user-fees to maintain historical purchasing power.

Combined, the three elements produced revenues of about \$24 billion in year 1997 constant dollars (updated to \$28 billion in 2002 constant dollars). ACA 7, SCA 2 and AB 427 further the second goal of continuing local sales tax measures for transportation by facilitating sales tax passage or extending the life of a tax measure once enacted. The continuation or implementation of local transportation sales tax measures in Imperial, Riverside (recently reauthorized), San Bernardino, and Ventura Counties would result in \$7.4 billion in revenue in 2002 dollars.

SUPPORT:

The following agencies support ACA 7:

- The League of California Cities
- The California State Association of Counties, while not having taken a formal position on ACA 7, “strongly support[s] the reduction in the voting threshold from the current two-thirds for the imposition of sales tax for transportation purposes” (see attached letter).

The following agencies support AB 427:

- The League of California Cities

The following agencies support SCA 2:

- The League of California Cities and CSAC support SCA 2’s reduction of the voting threshold (see attached letter).

OPPOSE:

The following agencies oppose ACA 7:

- No information is available at this time.

The following agencies oppose AB 427:

- No information is available at this time.

The following agencies oppose SCA 2:

- While supportive of “many smart growth concepts and approaches,” the League of Cities and CSAC oppose the provision diverting 25 percent of revenues for smart growth planning, saying countywide agencies should determine the levels of diversion (see attached letter).

BILL STATUS:

ACA 7 was referred to the Committees on Transportation and Elections, Reapportionment and Constitutional Amendments. It will be heard by the Committee on Transportation on April 7th. SCA 2 is on Third Reading in the Senate. AB 427 was referred to the Assembly Committee on Local Government. Its hearing has been postponed.

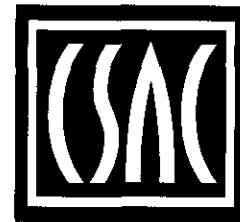
FISCAL IMPACT:

All work related to adopting the recommended staff action is contained within the adopted FY 02/03 budget and adopted 2003 SCAG Legislative Program and does not require the allocation of any additional financial resources.

CAE #83003



**SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS**



League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814

California State Association of Counties
1100 K Street, Suite 101
Sacramento, CA 95814

January 31, 2003

The Honorable Tom Torlakson
Member of the Senate
State Capitol, Room 5061
Sacramento, California 95814

RE: SCA 2 (Torlakson)—Local Sales Taxes: Transportation & Smart Growth Planning
OPPOSE THE MANDATE TO DIVERT 25 PERCENT OF THE FUNDING
SUPPORT THE REDUCTION OF THE VOTING THRESHOLD

Dear Senator Torlakson:

The California State Association of Counties (CSAC) and the League of California Cities strongly support the reduction in the voting threshold from the current two-thirds for the imposition of sales taxes for transportation purposes. However, we also oppose the state mandate contained in SCA 2, which would require that 25 percent be expended for smart growth planning.

We strongly support the need to retain the current revenues generated from the existing transportation sales taxes that are due to expire, as well as, the opportunity for additional counties to impose such a tax. SCA 2 by reducing the voting threshold would provide critical revenues to transportation at a great time of need. However, we must express serious concern with the provision that would mandate in every county the expenditure of 25 percent of the monies for smart growth planning.

CSAC and the League both support many of the smart growth concepts and approaches and have adopted policies to support such actions. Further, while many of the countywide transportation plans necessary for expenditure of these revenues contain smart growth approaches, we feel strongly that this must be addressed by the countywide agencies involved. The approach outlined in SCA 2 would divert a significant amount of monies away from actual projects. We support the inclusion of smart growth policies in the planning for the transportation projects, but this must be at the appropriate levels as determined by the countywide agencies seeking the imposition of the tax not mandated universally throughout California.

For these reasons, we support a reduction in the voting threshold, but must oppose the inclusion of the mandate to dedicate 25 percent towards smart growth planning.

If you or member of your staff has any questions regarding our position, please do not hesitate to contact us at your convenience.

Sincerely,

DeAnn Baker
Legislative Representative
California State Association of Counties

Sincerely,

Natasha Fooman
Legislative Representative
League of California Cities

cc: Senator Kevin Murray, Chair, Senate Transportation Committee
Members of the Committee
Consultant, Steve Schnaidt

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Assembly Constitutional Amendment

No. 7

**Introduced by Assembly Member Dutra
(Principal coauthor: Assembly Member Wolk)**

January 14, 2003

Assembly Constitutional Amendment No. 7—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Article XIX C thereto, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

ACA 7, as introduced, Dutra. Transportation funding: sales and use tax.

The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of $\frac{2}{3}$ of the voters of the city, county, or special district voting on that tax, and prohibits these entities from imposing an ad valorem tax on real property or a transactions or sales tax on the sale of real property. Existing statutory provisions and provisions in the California Constitution either impose or authorize the imposition of state or local sales and use taxes upon the gross receipts from the sale within the taxing jurisdiction of, or the storage, use, or other consumption in this jurisdiction of, tangible personal property.

This measure would authorize a county, a city and county, and a regional transportation agency, as defined, notwithstanding any other provision of the California Constitution, to impose an additional sales and use tax for a period of 20 to 30 years, as specified, at a rate of 0.5% exclusively for transportation purposes within the jurisdiction of the county, city and county, or regional transportation agency if the

additional tax is approved by 55% of the voters of the jurisdiction voting on the proposition to impose the tax.

This measure would require the revenues derived from these taxes to be deposited in the Local Transportation Infrastructure Account, which would be created in the State Transportation Fund. The measure would require the State Board of Equalization to collect and administer the tax revenue. The measure would require moneys in the account that were collected in each county, city and county, or regional transportation agency, less administrative costs and refunds, to be allocated by the State Board of Equalization to the county, city and county, or regional transportation agency imposing the tax, and to be used for specified transportation purposes.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring, That the*
2 Legislature of the State of California at its 2003–04 Regular
3 Session commencing on the second day of December 2002,
4 two-thirds of the membership of each house concurring, hereby
5 proposes to the people of the State of California that the
6 Constitution of the State be amended by adding Article XIX C
7 thereto, to read:

8
9 ARTICLE XIX C {/CNH}

10
11
12 TRANSPORTATION IMPROVEMENT AND
13 MAINTENANCE ACT {/CNH}

14
15 SECTION 1. (a) Notwithstanding Section 4 of Article XIII A,
16 Section 2 of Article XIII C, or any other provision of this
17 Constitution, for the exclusive purpose of funding local and
18 regional transportation planning, research, design, construction,
19 operation, maintenance, and rehabilitation, and environmental
20 mitigation related to the impacts of transportation projects, a
21 county, a city and county, or a regional transportation agency may,
22 with the approval of 55 percent of the voters of the jurisdiction
23 voting on the proposition, impose the following sales and use tax
24 within its jurisdiction:

1 (1) For the privilege of selling tangible personal property at
2 retail, a sales tax upon all retailers at the rate of one-half of 1
3 percent of the gross receipts of any retailer from the sale of all
4 tangible personal property sold at retail in this state.

5 (2) An excise tax upon the storage, use, or other consumption
6 in this state of tangible personal property purchased from any
7 retailer for storage, use, or other consumption in this state at the
8 rate of one-half of 1 percent of the sales price of the property.

9 (b) (1) If a transactions and use tax of limited duration,
10 imposed for transportation purposes or general purposes, is not in
11 effect in the jurisdiction of a county, a city and county, or a regional
12 transportation agency on the date that a tax described in
13 subdivision (a) is approved by 55 percent of the voters of the
14 jurisdiction voting on the proposition to impose the tax, the tax
15 described in subdivision (a) is imposed for a period of 20 years
16 commencing with the first calendar quarter that commences more
17 than 90 days after the effective date of the approval of the tax by
18 the voters.

19 (2) If a transactions and use tax of limited duration, imposed for
20 transportation purposes or for general purposes, is in effect in the
21 jurisdiction of a county, a city and county, or a regional
22 transportation agency on the date that a tax described in
23 subdivision (a) is approved by 55 percent of the voters of the
24 jurisdiction voting on the proposition to impose the tax, the tax
25 described in subdivision (a) is imposed for a period of not more
26 than 30 years commencing with the first day upon which the
27 transactions and use tax is repealed or otherwise becomes
28 inoperative.

29 (3) (A) Except as otherwise provided in paragraphs (1) and
30 (2), the tax described in subdivision (a) shall be imposed in a
31 county, a city and county, or a regional transportation agency in
32 addition to any other state or local sales and use tax or transactions
33 and use tax imposed in that jurisdiction in accordance with law.

34 (B) For purposes of this article, a transactions and use tax
35 imposed for transportation purposes does not include any portion
36 of a local sales and use tax that is imposed pursuant to the
37 Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5
38 (commencing with Section 7200) of Division 2 of the Revenue and
39 Taxation Code), or its successor.

1 (4) The tax described in subdivision (a) shall be administered
2 in the same manner as the tax imposed pursuant to the Sales and
3 Use Tax Law (Part 1 (commencing with Section 6001) of Division
4 2 of the Revenue and Taxation Code), or its successor, and shall be
5 subject to any exemption from taxation set forth in that law.

6 (c) For purposes of this section, "regional transportation
7 agency" means all of the following:

8 (1) The Metropolitan Transportation Commission created by
9 Section 66502 of the Government Code, as that statute read on
10 January 1, 2002.

11 (2) The Los Angeles County Metropolitan Transportation
12 Authority, or any successor to that authority.

13 (3) The Orange County Transportation Authority.

14 (4) Any local or regional transportation entity designated by
15 statute as a regional transportation agency.

16 (d) The tax described in subdivision (a) shall be collected and
17 administered by the State Board of Equalization, or its successor
18 agency. The revenues derived from that tax shall be deposited in
19 the Local Transportation Infrastructure Account, which is hereby
20 created in the State Transportation Fund. The State Board of
21 Equalization shall allocate the moneys in that account no less
22 frequently than on a quarterly basis as follows:

23 (1) To the State Board of Equalization for its costs of collection
24 and administration.

25 (2) For the payment of refunds of amounts of tax improperly
26 collected pursuant to this section.

27 (3) The balance to each county, city and county, or regional
28 transportation agency of the remaining amount of those tax
29 revenues that were collected with respect to a sale, use, storage, or
30 other consumption of tangible personal property that occurred in
31 the jurisdiction of the county, city and county, or regional
32 transportation agency imposing the tax.

33 (e) All revenues received by a county, a city and county, or a
34 regional transportation agency pursuant to this section shall be
35 expended exclusively for local and regional transportation
36 planning, research, design, construction, operation, maintenance,
37 and rehabilitation, and for environmental mitigation related to the
38 impacts of transportation projects.

- 1 (f) Revenues derived from the tax imposed pursuant to
2 subdivisions (a) and (b) are not General Fund proceeds of taxes
3 within the meaning of Article XVI.
4 (g) Allocations made from the Local Transportation
5 Infrastructure Account, and the expenditure by a county, a city and
6 county, or a regional transportation agency of revenues received
7 from that account, are not “appropriations subject to limitation”
8 within the meaning of Article XIII B.

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AMENDED IN SENATE FEBRUARY 20, 2003

Senate Constitutional Amendment

No. 2

Introduced by Senator Torlakson

December 2, 2002

Senate Constitutional Amendment No. 2—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Section 16 to Article XI thereof, by amending Section 4 of Article XIII A thereof, by amending Section 2 of Article XIII C thereof, and by amending Section 3 of Article XIII D thereof, relating to local development.

LEGISLATIVE COUNSEL'S DIGEST

SCA 2, as amended, Torlakson. Local government: sales taxes: transportation and smart growth planning.

The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of $\frac{2}{3}$ of the voters of the city, county, or special district voting on that tax, and prohibits these entities from imposing an ad valorem tax on real property or a transactions or sales tax on the sale of real property.

This measure would authorize ~~a city, a county, a city and county, a~~ *local transportation authority*, or a regional transportation agency, as defined, with the approval of a majority of its voters voting on the proposition, to impose a special tax for the privilege of selling tangible personal property at retail that it is otherwise authorized to impose, if the tax is imposed exclusively to fund transportation projects and services and smart growth planning, as defined.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

1 WHEREAS, Adequate transportation infrastructure and
2 services are critical to California's prosperity as well as the travel,
3 business, and recreational needs of all Californians; and

4 WHEREAS, California's continued growth will increase the
5 strain on the state's transportation infrastructure, which is already
6 overburdened and inadequately funded to meet current and future
7 needs; and

8 WHEREAS, The California Transportation Commission
9 reported in 1999, pursuant to Senate Resolution 8, that California
10 faces more than \$110 billion in unmet transportation infrastructure
11 needs; and

12 WHEREAS, California's inadequate transportation system has
13 worsened traffic congestion, increased commute times, slowed
14 delivery of goods and services, and increased costs for businesses;
15 and

16 WHEREAS, Eighteen counties in California representing over
17 80 percent of the population have enacted local countywide
18 transportation sales tax measures by a majority vote to fund
19 critically needed highway and public transit needs, the funding
20 from which represents about one-half of all new capital invested
21 in new facilities in the past decade in our state; and

22 WHEREAS, Counties have clearly demonstrated their ability to
23 manage and spend these funds efficiently and effectively to
24 operate and maintain public transit, build high-priority
25 transportation projects, rehabilitate and improve the local street
26 and road network, and accomplish other goals for improving the
27 transportation system; and

28 WHEREAS, In order to ensure that California will be able to
29 meet its current and future transportation and land use planning
30 needs and thereby preserve and enhance the prosperity and daily
31 activities of all Californians, it is necessary to place before the
32 voters this measure to provide the opportunity for voters to choose
33 for themselves the creation of an additional funding source that is
34 dedicated exclusively to the funding of California's local
35 transportation requirements, is administered by ~~cities, counties~~
36 *counties, cities and counties, local transportation authorities*, and
37 regional transportation agencies, and is directly responsive to local
38 transportation needs; and

39 WHEREAS, To prepare for and manage the pressures, related
40 to transportation issues, of continued growth in California, local,

1 regional, and state government authorities have developed “smart
2 growth” policies to better connect housing opportunities with
3 employment centers, reduce commute times, discourage urban
4 sprawl, encourage infill development, and achieve other goals that
5 increase the quality of life for all Californians; and

6 WHEREAS, More than 300 California organizations have
7 called upon California officials to follow smart growth principles
8 in addressing California’s future growth and development,
9 including all of the following:

10 (a) Planning for the future by making government more
11 responsive, effective, and accountable through reforming the
12 system of land use planning and public finance.

13 (b) Promoting prosperous and livable communities by making
14 existing communities vital and healthy places for all residents to
15 live, work, obtain an education, and raise a family.

16 (c) Providing better housing and transportation opportunities
17 by developing efficient transportation alternatives and a range of
18 housing choices affordable to all residents without jeopardizing
19 farmland, open space, and wildlife habitat.

20 (d) Conserving green space and the natural environment by
21 focusing new development in areas planned for growth, while
22 protecting air and water quality and providing green space for
23 recreation, water recharge, and wildlife.

24 (e) Protecting California’s agricultural and forest lands by
25 shielding California’s farm, range, and forest lands from sprawl
26 and the pressure to convert farmland to development; now,
27 therefore, be it

28 *Resolved by the Senate, the Assembly concurring*, That the
29 Legislature of the State of California at its 2003–04 Regular
30 Session commencing on the second day of December 2002,
31 two-thirds of the membership of each house concurring, hereby
32 proposes to the people of the State of California that the
33 Constitution of the State be amended as follows:

34 First—That Section 16 is added to Article XI thereof, to read:

35 SEC. 16. (a) A ~~city~~, a county, a city and county, a *local*
36 *transportation authority*, or a regional transportation agency may,
37 with the approval of a majority of those voters of the jurisdiction
38 voting on the proposition, impose a special tax upon the privilege
39 of selling tangible personal property at retail within that
40 jurisdiction, if both of the following conditions are met:

(1) The tax is imposed exclusively for the purpose of funding transportation projects and services and related smart growth planning.

(2) The ~~city, county, city and county, or the~~ *local transportation authority, or* regional transportation agency is otherwise authorized by law to impose a new tax in the form of a special tax upon the privilege of selling one or more classes of tangible personal property at retail within its jurisdiction.

(b) At least 25 percent of the revenues derived from any tax imposed pursuant to subdivision (a) shall be used for the purpose of funding smart growth planning.

(c) For purposes of this section:

(1) *"Local transportation authority" means an authority designated pursuant to Division 19 (commencing with Section 180000) of the Public Utilities Code.*

(2) "Regional transportation agency" means all of the following:

(A) The Metropolitan Transportation Commission created by Section 66502 of the Government Code, as that statute read on January 1, 2002.

(B) The Los Angeles County Metropolitan Transportation Authority, or any successor to that authority.

(C) The Orange County Transportation Authority.

(D) Any local or regional transportation entity that is designated by statute as a regional transportation agency.

~~(2)–~~

(3) "Funding of transportation projects and services" includes the servicing of indebtedness issued for the purpose of funding those transportation projects and services.

~~(3)–~~

(4) "Smart growth planning" means land use planning programs that conserve open space, reduce air pollution, and provide housing in close proximity to population and employment centers.

Second—That Section 4 of Article XIII A thereof is amended to read:

~~Section 4.—~~

Sec. 4. Except as provided by Section 16 of Article XI, a city, county, or special district, by a two-thirds vote of its voters voting on the proposition, may impose a special tax within that city,

1 county, or special district, except an ad valorem tax on real
2 property or a transactions tax or sales tax on the sale of real
3 property within that city, county, or special district.

4 Third—That Section 2 of Article XIII C thereof is amended to
5 read:

6 SEC. 2. Notwithstanding any other provision of this
7 Constitution:

8 (a) Any tax imposed by any local government is either a
9 general tax or a special tax. A special purpose district or agency,
10 including a school district, has no authority to levy a general tax.

11 (b) No local government may impose, extend, or increase any
12 general tax unless and until that tax is submitted to the electorate
13 and approved by a majority vote. A general tax is not deemed to
14 have been increased if it is imposed at a rate not higher than the
15 maximum rate so approved. The election required by this
16 subdivision shall be consolidated with a regularly scheduled
17 general election for members of the governing body of the local
18 government, except in cases of emergency declared by a
19 unanimous vote of the governing body.

20 (c) Any general tax imposed, extended, or increased, without
21 voter approval, by any local government on or after January 1,
22 1995, and prior to the effective date of this article, may continue
23 to be imposed only if that general tax is approved by a majority
24 vote of the voters voting in an election on the issue of the
25 imposition, which election shall be held no later than November
26 6, 1996, and in compliance with subdivision (b).

27 (d) Except as provided by Section 16 of Article XI, a local
28 government may not impose, extend, or increase any special tax
29 unless and until that tax is submitted to the electorate and approved
30 by a two-thirds vote. A special tax is not deemed to have been
31 increased if it is imposed at a rate not higher than the maximum rate
32 so approved.

33 Fourth—That Section 3 of Article XIII D thereof is amended to
34 read:

35 SEC. 3. (a) An agency may not assess a tax, assessment, fee,
36 or charge upon any parcel of property or upon any person as an
37 incident of property ownership except:

38 (1) The ad valorem property tax imposed pursuant to Article
39 XIII and Article XIII A.

1 (2) Any special tax receiving a two-thirds vote pursuant to
2 Section 4 of Article XIII A or Section 2 of Article XIII C, or, as
3 applicable, a majority vote pursuant to Section 16 of Article XI.

4 (3) Assessments as provided by this article.

5 (4) Fees or charges for property related services as provided by
6 this article.

7 (b) For purposes of this article, fees for the provision of
8 electrical or gas service are not deemed charges or fees imposed
9 as an incident of property ownership.

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ASSEMBLY BILL

No. 427

Introduced by Assembly Member Longville

February 14, 2003

An act to amend Section 180201 of the Public Utilities Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 427, as introduced, Longville. Local transportation sales taxes.

The Local Transportation Authority and Improvement Act generally authorizes a county board of supervisors to create or otherwise designate a transportation authority in the county that may impose a transportation sales tax for not more than 20 years if the tax ordinance is adopted by a $\frac{2}{3}$ vote of the authority and if the ordinance is subsequently approved by a majority of the voters. Existing law also authorizes approval of transportation sales taxes for specific jurisdictions in a similar manner. However, the California Supreme Court has held that a transportation sales tax measure is a special tax that requires approval by a $\frac{2}{3}$ majority of the voters pursuant to Proposition 62 of 1986.

This bill would delete the 20-year limit on the duration of a local transportation sales tax under the general provisions described above and would instead provide that the tax shall remain in effect for the period of time specified in the tax ordinance that is adopted by the authority and approved by the voters.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 180201 of the Public Utilities Code is
2 amended to read:

3 180201. A retail transactions and use tax ordinance applicable
4 in the incorporated and unincorporated territory of a county may
5 be imposed by the authority in accordance with this chapter and
6 Part 1.6 (commencing with Section 7251) of Division 2 of the
7 Revenue and Taxation Code, if the tax ordinance is adopted by a
8 two-thirds vote of the authority and imposition of the tax is
9 subsequently approved by a majority of the electors voting on the
10 measure at a special election called for that purpose by the board
11 of supervisors, at the request of the authority, and a county
12 transportation expenditure plan is adopted pursuant to Section
13 180206.

14 A retail transactions and use tax approved by the electors shall
15 remain in effect for ~~not longer than 20 years, or any lesser~~ the
16 period of time specified in the tax ordinance. The tax may be
17 continued in effect, or reimposed, by a tax ordinance adopted by
18 a two-thirds vote of the authority and the reimposition of the tax
19 is approved by a majority of the electors.

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